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SIPDIS

DEPT PASS TO USTR-AGAMA  
TREASURY FOR PETERS AND HALL  
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SUBJECT: NIGERIA: GOOD NEWS-GON DROPS SOME IMPORT BANS

11. Summary. In a major breakthrough, September 25 the Government of Nigeria (GON) announced the number of banned import categories would decrease from 44 to 26 items, and that there would be tariff reductions on a wide range of products. Bright Okogu, Director General of the Budget Office of the Federation, and H. B. Ahmed, Comptroller General (CG) of the Nigerian Customs Service (NCS), said the GON remains committed to harmonizing its tariff regime with its neighbors under the Economic Community of West African States (ECOWAS) Common External Tariff (CET). The GON reduced the duty rate on a proposed ECOWAS CET fifth band from 50 percent to 35 percent pending the outcome of the ECOWAS Commission study on the implications of the proposed fifth band. The trade policy shift is substantial good news that follows years of USG advocacy and represent a major positive milestone in Nigerian trade policy. The removal of several agricultural products from the banned item list should a major boon to U.S. agricultural exporters, especially in the areas of fresh fruits, edible oil, beef and pork products. Advocacy efforts and engagement on the Trade and Investment Framework Agreement and potential Bilateral Investment Treaty should continue and be strengthened to further encourage elimination of all bans and replacement with reasonable tariffs. End Summary.

12. On September 25, Bright Okogu, Director General of the Budget Office of the Federation, and H. B. Ahmed, Comptroller General (CG) of the NCS, held a press briefing on the GON's new tariff policy published in a document titled the "2008 - 2012 Tariff Book." Okogu provided an introduction on the tariff book confirming that it is Nigeria's second attempt at harmonizing its tariff regime with those of its West African neighbors under the ECOWAS CET. The first attempt was the 2005 - 2006 Tariff Book released on October 1, 2005 which had about 60 percent of the duties harmonized with the ECOWAS CET. Okogu stated that Nigeria remains committed to the ECOWAS CET. He also stated that the tariff book is a product of two years of hard work involving inter-agency collaboration among various GON agencies and the private sector and other stakeholders.

13. CG Ahmed provided a general breakdown of some of the schedules in the 2008 - 2012 Tariff Book, and stated that the policy will be implemented with immediate effect, and there will be no grace period. He also stated that the GON will not grant any special concessions, waivers, or exemptions outside those available in the tariff book. He also mentioned that limited published copies of the tariff book will be given to the various Customs Area Commands, Licensed Clearing Agents, and the Manufacturers Association of Nigeria. New copies will soon be published and made available to the public, while the NCS also plans to publish the document on its website.

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2008 - 2012 Tariff Book  
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14. According to CG Ahmed, there is a reduction in the number of prohibited tradable imports from 44 items to 26 items, and a general

reduction in applicable duty rates in the new tariff book. The tariff book contains seven schedules and five tariff bands. In addition, a fifth band and its 50 percent duty rate would be lowered to 35 percent. The tariff bands are as follows:

- Band 1 - Zero duty for necessities such as medicine including drugs for the treatment of HIV/AIDS, books, fertilizer;
- Band 2 - 5 percent duty for basic raw materials;
- Band 3 - 10 percent duty for intermediate goods;
- Band 4 - 20 percent duty for finished goods; and
- Band 5 - 35 percent duty for luxury items and finished goods in infant industries the GON wants to protect.

15. The tariff book has seven schedules. Schedule 1 contains tariff and duty rates, while schedule 2 contains goods exempted from duty such as films and editorial materials imported by the United Nations and its agencies, fuel for aircraft of armed forces of another country and civil aircraft of other countries, goods imported for the use of the commander in chief of the armed forces of Nigeria or anybody standing in for him, goods imported by foreign diplomats, goods obtained free as technical assistance from donor agencies such as the Red Cross, life saving equipment, military uniforms, and arms and ammunition imported for use by the armed forces or the police.

#### Banned Items

16. Schedule 4 contains items prohibited under trade, which refers to items that can be imported in a quantity allowable for personal use but not for resale.

- Dead or live birds including frozen poultry;

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- Refined vegetable oil excluding castor oil and olive oil. Crude vegetable oil can be imported by those that have vegetable refinery.
- Cocoa powder, cocoa cakes;
- Cassava;
- Water, including mineral or flavored water;
- Non-alcoholic beverages excluding energy or health drinks;
- Bottled or canned beer;
- Fruit juice in packs;
- Bagged Cement (only companies that have been given concession to import the item for a limited time to bridge supply gaps can import);
- Medicines falling under chapter 30 e.g. paracetamol, multivitamin tablets, chloroquine etc;
- Waste pharmaceuticals;
- Soap and detergents in retail packs;
- Sanitary wares of plastic including plastic water closets, baths and domestic articles of plastic under heading 3924, excluding baby feeding bottles;
- Toothpicks;
- Rethreaded or used tires;
- Noodles;
- Corrugated paper and paper boards and cartons made from them;
- Toilet paper, cleansing paper under 4818, excluding baby diapers and exercise books;
- Telephone recharge cards;
- Textile fabrics and articles thereof such as African prints, made-up printed articles, lace fabrics and other embroidery fabrics (58012100 - 58019000), carpets and rugs of all types under chapter 57 and 58. Excluding insecticide treated nets and made-up lining articles, industrial gloves, jute bags etc;
- All types of footwear, bags and suitcases, excluding safety shoes, sports shoes and CKD shoes and blanks;
- All types of furniture except baby walker, laboratory cabinets, height adjustment device, stadium chairs, skeletal form of chairs including blanks, arm guides;
- Ball pens including refills, except the tips;
- Used motor vehicles above 10 years of age (passenger vehicles). Trucks and Buses of any age can be imported;
- Hollow glass bottles exceeding 0.15 liters used for packaging of beverages; and
- Used compressors, used air conditioners, and used refrigerators.

Items Removed From the list of Banned Items

17. Items removed from the list of banned items include flowers either plastic or fresh, fresh and dried fruits, maize, sorghum, millet, wheat flour, sugar confectionaries, biscuits, bentonites, barites, toothpaste, envelopes, diaries, greeting cards, calendars, exercise books, cutlasses, axes, pick axes, spades, shovels, fully built and completely knocked down bicycle frames, forks, mudguards, wheel barrows and electric generating sound proof casings.

Comment

18. Though we have not seen a breakdown of the tariff for each individual product, the reduction in the number of prohibited imports is a major breakthrough and step in the right direction after sustained advocacy efforts. The removal of several agricultural products from the banned item list should a major boon to U.S. agricultural exporters, especially in the areas of fresh fruits edible oil, beef and pork products. Advocacy efforts and engagement on the Trade and Investment Framework Agreement and potential Bilateral Investment Treaty should continue and be strengthened to further encourage elimination of all bans and replacement with reasonable tariffs. The continued harmonization of the four bands with the ECOWAS CET and reduction of the duty on the fifth band from 50 percent to 35 percent also shows that Nigeria remains committed to the ECOWAS CET.

19. At the time of announcement copies of the tariff document showing the applicable duty rates were not available but officials stated it will soon be placed on the Nigerian Customs Service (NCS) website and published copies will be made available to the public soon. As soon as Post receives a copy, we will provide a more detail assessment of the tariff book. End comment.

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